

## Message Text

CONFIDENTIAL

PAGE 01 FRANKF 04701 221322Z  
ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05  
EPG-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00  
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03  
LAB-04 SIL-01 L-03 H-01 PA-01 PRS-01 /087 W  
-----041766 221434Z /43

R 221243Z JUN 77  
FM AMCONSUL FRANKFURT  
TO SECSTATE WASHDC 8491  
INFO AMEMBASSY BELGRADE  
AMEMBASSY BERLIN  
USMISSION BERLIN  
AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
AMEMBASSY BUCHAREST  
AMEMBASSY BUDAPEST  
AMEMBASSY LONDON  
USMISSION NATO  
AMEMBASSY PARIS  
AMEMBASSY PRAGUE  
AMEMBASSY SOFIA  
AMEMBASSY WARSAW

C O N F I D E N T I A L FRANKFURT 4701

USEEC

USOECD

E.O. 11652: GDS  
TAGS: EFIN, COMECON, UR  
SUBJ: IIB AND SOVIET BORROWING

REF: A. MOSCOW 6733, B. FRANKFURT 3223

1. FORMAL AGREEMENTS WERE SIGNED JUNE 15 IN FRANKFURT  
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PAGE 02 FRANKF 04701 221322Z

FOR THE \$500 MILLION LOAN TO THE INTERNATIONAL  
INVESTMENT BANK (IIB) TARGETED FOR THE ORENBURG  
PIPELINE BY AN INTERNATIONAL BANKING CONSORTIUM  
HEADED BY DRESDNER BANK.

2. DRESDNER BANK SOURCES PLACE TERM OF LOAN AT  
6 1/2 YEARS. PRINCIPAL IS REPAYABLE IN EQUAL SEMI-

ANNUAL INSTALLMENTS FOLLOWING A 3 1/2 YEAR GRACE PERIOD. INTEREST RATE IS 1 1/8 PERCENT OVER LABOR FOR THE FIRST 30 MONTHS AND 1 1/4 PERCENT FOR THE REMAINING 48 MONTHS.

3. THE MANAGEMENT GROUP CONSISTS OF 19 PARTICIPANTS: DRESDNER, THE LEAD BANK, BANKERS TRUST INTERNATIONAL, CHASE MANHATTAN, MANUFACTURERS HANNOEVER, SECURITY PACIFIC, ALGEMENE BANK NEDERLAND, BANK FUER GEMEINWIRTSCHAFT, BANK FUER HANDEL UND INDUSTRIE, BANK OF MONTREAL, BANQUE INTERNATIONALE A LUXEMBOURG, BARCLAYS BANK INTERNATIONAL, BAYERISCHE-HYPOTHEKEN-UND WECHSEL-BANK. BERLINER BANK, BFG LUXEMBOURG, CESKOSLOVENSKA OBCHODNI BANKA A.S., CIE, LUXEMBOURGEOISE DE LA DRESDNER BANK, DG BANK, HESSISCHE LANDESBANK, AND LLOYDS BANK INTERNATIONAL.

4. DOCUMENTATION FOR THE LOAN AGREEMENT SPECIFIES USE OF WEST GERMAN LAW, TO AVOID ANY LEGAL COMPLICTIONS SIMILAR TO THOSE ENCOUNTERED UNDER AN INTERPRETATION OF BRITISH LAW WITH THE ABORTED IBEC LOAN IN EARLY 1977. DRESDNER AND OTHER GERMAN BANKERS ARE SATISFIED WITH IIB (AND IBEC) STATUS AS INTERNATIONAL BORROWER UNDER THE GERMAN LEGAL FRAMEWORK. SOURCE NOTED SOME MINOR PROBLEMS.

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PAGE 03 FRANKF 04701 221322Z

LEMS AND COSTS U.S. AND BRITISH PARTICIPANTS INCURRED IN ENGAGING GERMAN LEGAL COUNSEL, AND VIEWED THAT THE APPROACH HAS ENHANCED THE PRESTIGE OF GERMAN LEGAL AND BANKING SYSTEMS.

5. DRESDNER CONTINUES TO VIEW SOVIET AND EASTERN EUROPEAN BORROWING AS ATTRACTIVE AND SECURE BUSINESS. SOURCE WOULD NOT BE SURPRISED TO SEE IIB RETURN TO EUROMARKET "EARLY IN 1978". LEHMANN

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NNN

## Message Attributes

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**Disposition Date:** 22 May 2009  
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**Review Markings:**  
Margaret P. Grafeld  
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22 May 2009  
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